

EXECUTIVE SECRETARIAT
ROUTING SLIP

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SUSPENSE _____ Date _____

note this arrived @ 3:22 and was not handcarried to me. Registrar will call Treasury to complete

Remarks

Executive Secretary
7 March 1985

Date



OFFICE OF THE SECRETARY OF THE TREASURY
WASHINGTON, D.C. 20220

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Executive Registry
85- 954/1

March 6, 1985

~~UNCLASSIFIED~~
(With Confidential Attachment)

MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF STATE
THE SECRETARY OF DEFENSE
THE SECRETARY OF AGRICULTURE
THE SECRETARY OF COMMERCE
THE SECRETARY OF TRANSPORTATION
THE SECRETARY OF ENERGY
DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET
DIRECTOR OF CENTRAL INTELLIGENCE
UNITED STATES TRADE REPRESENTATIVE
ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY AFFAIRS
ASSISTANT TO THE PRESIDENT FOR POLICY DEVELOPMENT
CHAIRMAN, COUNCIL OF ECONOMIC ADVISERS
DEPUTY SECRETARY OF THE TREASURY

SUBJECT: Senior Interdepartmental Group on
International Economic Policy (SIG-IEP)

The time and agenda for the SIG-IEP meeting previously scheduled to be held on Thursday, March 7 at 3:00 p.m. has been changed. The meeting is now scheduled to be held on Thursday, March 7, 3:30 - 4:00 p.m. in the Roosevelt Room. Discussion of U.S.-Japan Trade Negotiations will be the only agenda item. A brief paper to guide the discussion is attached.

Edward J. Stucky
Edward J. Stucky
Acting Executive Secretary

cc: Staff Secretary and Deputy Assistant to the President
Deputy Assistant to the President for Cabinet Affairs

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CONFIDENTIALMOSS IMPLEMENTATION

The Under Secretaries will meet with their Japanese counterparts March 15 to discuss implementation of the market-oriented, sector-selective (MOSS) talks with Japan. The SIG-IEP should review the current status, consider ways of strengthening U.S. preparations, and discuss the need to signal our determination to the Japanese side.

Current Status

- Telecommunications: MOSS process not begun pending resolution of draft regulations on privatization of phone monopoly. Discussions on regulations underway.
- Electronics: Organizational meeting held.
- Forest products and paper: Japan refused to discuss tariff cuts; no further meeting scheduled.
- Medical equipment and pharmaceuticals: First meeting March 12.

U.S. Preparations

The U.S. effort is uneven -- preparations extensive in telecommunications, just beginning in medical equipment and pharmaceuticals. The Japanese, once fearful of the MOSS initiative, are now relaxing as our lack of preparation in some areas becomes evident. The SIG-IEP may wish to consider whether the U.S. effort could be improved by:

- Establishing a timetable. The May Bonn Summit has been viewed as a benchmark for progress. Is that realistic? Should there instead be a schedule for various stages: general discussions with Japan; preparation of U.S. analysis of Japanese barriers; presentation to Japanese of list of barriers to be removed; negotiation of removal; and deadline for agreement?
- Strengthening management and coordination. Perhaps the U.S. chairman of each U.S. team should present a report to the SIG-IEP at each stage mentioned above. In-depth analysis of the Japanese market by each team appears necessary.

Leverage

The Japanese now seem to be taking a relaxed approach to the general MOSS initiative while specifically ruling out discussion of tariff cuts in the forest product sector. The SIG-IEP may want to discuss whether it is now appropriate to order staff work on possible leverage to use in the talks. In particular, the United States should respond to Japan's position on tariffs on forest sector products.

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